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Coates, Laning

The true principles of banking

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[1891]

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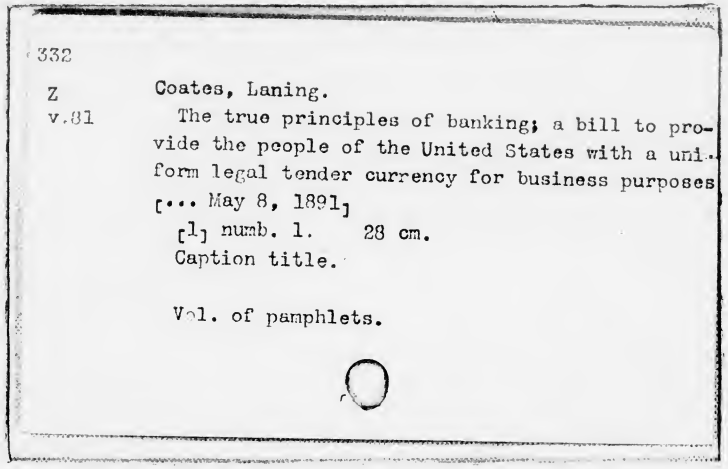

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Coates, Laning.
The true principles of banking; a bill to provide the people of the United States with a uniform legal tender currency for business purposes [... May 8, 1891]
[1] numb. l. 28 cm.
Caption title.

Vol. of pamphlets.

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TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 9:1 IMAGE PLACEMENT: (IA) IIA IB IIB

DATE FILMED: 11-12-97 INITIALS: JP

TRACKING # : 29490

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THE TRUE PRINCIPLES OF BANKING

BY LANING COATES.

A BILL

To provide the people of the United States with a uniform legal tender currency for business purposes.

SECTION 1. Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, that there is hereby established in the Treasury Department, a bureau, to be known as the National State Bank Bureau.

SECTION 2. That it shall be the duty of the Comptroller of the Currency, under the direction, and with the approval of the Secretary of the Treasury.

I.

To superintend the affairs of the Bureau. To receive, and approve; or reject applications for loans.

II.

To keep a Record of all such applications, and of the actions had thereon.

III.

To keep an Account with each State to which a loan is made.

IV.

To keep an Account with the Treasurer of the United States, showing all monies received from and paid to him, and the purposes for which such receipts and payments are made.

V.

To collect and pay into the Treasury of the United States, all amounts due to Bureau.

VI.

To appoint such subordinate Officers of Bureau as may be necessary to carry out the provisions of this Act: To define their Duties and to fix their Salaries, which salaries shall in no case exceed the salaries paid for similar clerical services in the Treasury Department.

VII.

To prescribe the Form and Manner of keeping Accounts. To make all proper Rules and Regulations, and to perform such other duties as may be necessary to carry this Act into effect.

SECTION 3. That the Comptroller of the Currency is hereby authorized and directed to cause to be printed, (leaving a blank upon each Note for their number and date, for the Seal of the State and for the name and locality of the Bank to which they may be issued,) signed by the Comptroller, and ready for issue, for the purpose hereinafter mentioned, Legal Tender Notes, to be marked and known as National State Bank Notes, of the denominations of $5, $10, $20, $50, $100, $500 and $1,000, to the amount of $100,000,000, and such additional amounts, from time to time, as shall be necessary to meet the requirements of this Act—

SECTION 4. That such Notes, when issued, as hereinafter prescribed, shall be Legal Tenders, for all debts, in any part of the United States.

SECTION 5. That such Notes shall be drawn redeemable by the Bank of their issue, as hereinafter provided, and the National guarantee of such redemption, shall be printed on the face of each Note.

SECTION 6. That such Notes when ready for issue, shall be held by the Secretary of the Treasury, until issued as hereinafter prescribed.

SECTION 7. That each State, prior to the receipt of such Notes, shall establish by law, a National State Bank Bureau, the chief officer of which, shall be known, as the Director of that bureau, and when such Notes shall be issued to a State, the Seal of that State, the Name and locality of the Bank to which they may be issued, together with the Number of the Note, and the Date of the issue thereof, shall be printed upon the face of each Note. They shall be signed by the Director of the Bureau, and the President of the Bank to which they have been issued. They shall be Recorded at Washington, at the State Capital, and at the Bank to which they have been issued.

SECTION 8. That when such Notes shall be issued to a State, they shall bear from that state to the United States, interest at the rate of one-half of one per cent per annum, and from the Bank to which they have been issued, to that State, interest at the rate of one per cent per annum, and such interest shall be paid annually, at such time and place, and in such a manner, as the Secretary of the Treasury may direct.

SECTION 9. That the Comptroller of the Currency shall set apart a room in Bureau, as a National Clearing House, and the Director of the Bureau of each State shall co-operate with the Comptroller of the Currency, in the exchange of all checks, and notes held by such Banks, and that all such Notes, as have become mutilated or soiled, shall be destroyed and new notes issued in their place and stead.

SECTION 10. That when a State has created a National State Bank Bureau, the Director of such bureau may, from time to time, file with the Comptroller of the Currency, applications for such Notes, not to exceed in all, the amount of one-tenth of the assessed valuation, for Taxes, of the Real Estate in that State, and such applications shall be drawn in such form, as the Secretary of the Treasury may prescribe.

SECTION 11. That every such Application from a Director of the National State Bank Bureau of a State, shall be countersigned by the Governor, and bear the Seal of the State, and shall be accompanied by a Bond, pledging one-tenth of the taxes on the Real Estate of that State, as Security, for the redemption of such Notes by the Banks to which they may be issued, and that the State will comply with and duly enforce, all the provisions of this Act, and such bond shall be drawn in such form, and executed in such manner as the Secretary of the Treasury may prescribe.

SECTION 12. That the Comptroller of the Currency, upon the receipt of an Application for such Notes, after being fully convinced, that the Amount of the loan asked for, is not in excess of the amount of one-tenth, of the assessed valuation of the real estate of that State, and that the conditions of this Act have been fully complied with, shall with the knowledge and consent of the Secretary of the Treasury, issue such Notes to the Director of the National State Bank Bureau of that State

SECTION 13. That the Comptroller of the Currency, upon the receipt of an Application from the Director of a National State Bank Bureau of a State, upon being fully convinced that the amount of the notes asked for is in excess of the amount of one-tenth of the assessed valuation of the real estate of that State; or that the conditions of this Act have not been fully complied with, shall with the knowledge and consent of the Secretary of the Treasury, return the said Application, together with the accompanied bond, to the Director of the Bureau of that State, giving in writing his full reasons for so doing.

SECTION 14. That every such Bank, shall deposit with the Treasurer of the National State Bank Bureau of that State in which it is located, approved Collaterals, which shall be endorsed by the bank and pledged to the State, as Security, for the redemption of such notes and as a guarantee against any loss the state may sustain by the acts of said bank, to an amount, equal to one hundred and ten per cent (110) of the amount of such notes issued to said bank, and the nature of such Collaterals shall be as follows:

I.

The Bonds of the United States, or of any state, county, city, or incorporated town, which have sold on the market three consecutive years prior to the date of acceptance, for at least their par value, and upon which the interest for said period has been duly paid.

II.

The Bonds of any solvent Corporation which have sold on the market for at least their par value and the interest on which has been duly paid, for a period of at least three years prior to the date of their acceptance.

III.

Bonds and Mortgages on improved and tenanted Real Estate, located within that State, for an amount not in excess of two-thirds of the assessed valuation of such real estate, and such bonds and mortgages shall be accompanied by a Policy of fire insurance, issued by a company chartered by or registered in that State, and such policy shall be of sufficient amount to cover cost of all improvements on said real estate.

SECTION 15. That such Notes shall be issued for a period of forty-nine years from the date of issue, subject to renewal, and subject to cancellation in the manners hereinafter prescribed. They shall be used for banking purposes only, and if not received by the bank for which they have been issued, within ninety days from date of issue, they shall be returned to Bureau, together with an amount in lawful money, equal to their cost of printing with ten per cent added thereto.

SECTION 16. That such Notes may be recalled and cancelled in the three following manners.

I.

The President of the United States, by and with the concent of the Senate, may at any time recall and cancel such notes, by causing a notice of such call to be served upon the Governor of each State and upon the President of each Bank throughout the United States; but no such notice shall be given for a shorter period than five years, and all notes not returned to Bureau, when so recalled, shall be paid for in gold or silver bars or coins.

II.

That the Secretary of the Treasury shall recall such loan, and cancel such notes, upon the insolvency of any such bank, or upon the violation of any of the provisions of this Act or amendments thereto, and all Notes not returned to Bureau as above recalled, shall be paid for in gold or silver bars or coins, and the amount so paid shall be deposited in the Treasury of the United States until such notes shall be returned.

III.

That a Bank may at will return any portion of its notes to Bureau, upon paying the cost of their printing with ten per cent added thereto.

SECTION 17. That all such banks shall receive their charter from the State in which they are located, they shall be named, or numbered, and known as, National State Banks, and all such charters shall be perpetual. That no two banks shall amalgamate or enter into any alliance, otherwise than as provided by this Act, and shall at all times be subject to the provisions of this act, and the laws of the State in which they are located.

SECTION 18. That the State shall make, maintain, and enforce all necessary laws for the good government of such banks, and shall at regular periods inspect the same. That every such bank shall be a joint stock company, owned by its shareholders, and managed by a board of not less than seven directors. That they shall not be chartered with a capital stock of less than $20,000, nor more than $5,000,000. They shall be banks of loan, discount, deposit and issue only. Shall allow interest on fixed deposit, when received by them; but no loan shall be accepted, nor granted, for a longer period than five years.

SECTION 19. That, as such banks are to be established to promote the industries of the people, they shall be exempt from all national and state taxes, excepting the ordinary taxes upon their building or other properties they may own, and the one per cent interest payable on their notes, as provided in Section 8, of this act. That from the funds thus created, the cost of printing such notes, and the expenses of the National, and State Bureaus, including the expenses of the clearing houses are to be provided.

SECTION 20. That all accounts due by banks at Clearing Houses, shall be cancelled by a payment in gold or silver bars or coins, at such place and time, and in such manner as the Secretary of the Treasury may direct.

SECTION 21. That no provision of this act shall be so construed as to impair the security given to the holder of a note, the security given to the State, nor to the United States, nor to impede the practical working of the banks in harmony with the Agricultural, Manufacturing, Commercial, and other industries of the people.

SECTION 22. That the Governors of each State be presented with an engrossed copy of this Act.

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We are all aware that the country is controlled by an unscrupulous money power that will use every means to defeat legislation upon the currency question. Money is required in order to distribute free copies of this bill and documents pertaining to it. Should you desire to co-operate with a cash contribution your remittances will be received by S. A. KEMP, M. D., Secretary National State Bank League, Callicoon Depot, Sullivan County, N. Y.

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